

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 03 ANKARA 005698

SIPDIS

SENSITIVE

NSC FOR BRYZA

E.O. 12958: N/A

TAGS: [EPET](#) [EWWT](#) [EMIN](#) [ETRD](#) [EINV](#) [OVIP](#) [TU](#)

SUBJECT: SECRETARY ABRAHAM, S SEPTEMBER 21 BILATERAL MEETING
WITH TURKEY ENERGY MINISTER IN ISTANBUL

REF: ANKARA 5306

Sensitive But Unclassified. Please Handle Accordingly.

(U) Participants:

U.S.:

Secretary of Energy Spencer Abraham

SIPDIS

EUR Special Negotiator Steven Mann

Consul General David Arnett

Chief of Staff Joe McMonigle

Senior Advisor Majida Mourad

Senior Advisor Mary Hayward

Embassy Note-taker David Young

Advisor Chuck Washington

Turkey:

Minister of Energy and Natural Resources Hilmi Guler

TPAO (Turkish Oil Company) President Osman Saim Dinc

Head of Department Cigdem Hatunoglu

1. (SBU) SUMMARY: Secretary of Energy Spencer Abraham and Turkey Energy Minister Hilmi Guler covered a range of energy issues in a meeting in Istanbul on September 21. Areas identified for continued and deepened cooperation were Baku-Tbilisi-Ceyhan oil pipeline completion in mid 2005; promotion of Turkey as an East-West Energy Hub; development of gas and LNG transshipment and processing capacity; energy sector investment, renewable energy; development of energy links with Iraq; cooperation on nuclear issues, both non-proliferation and potential peaceful use of nuclear energy in Turkey; and a US-Turkish energy conference. The Secretary encouraged Minister Guler to visit the U.S. to

SIPDIS

facilitate cooperation and information sharing. He promised that expert areas within his agency and the USG would follow up on opportunities in the areas mentioned. The Energy Bilateral was followed by a short press conference; subsequent local press coverage was uniformly positive, stressing cooperation and mutual interest. End Summary.

Baku-Tbilisi-Ceyhan (BTC)) When to crack the champagne?

2. (SBU) In their September 21 bilateral meeting in Istanbul, Secretary of Energy Spencer Abraham and Minister of Energy and Natural Resources Hilmi Guler lauded the imminent completion of Baku-Tbilisi-Ceyhan (BTC) Pipeline as symbolic of their countries, strong cooperation and commitment to promotion of Turkey as an East-West Energy Hub. Minister Guler stated that the BTC oil pipeline project was 80 percent complete and on time. He noted that physical completion would be substantially complete by the end of 2004 and testing and pipeline oil fill would allow first oil flow in June 2005, offering a propitious time for potential celebration in Ceyhan. Both parties noted that there was still some risk of problems and delays in Georgia that required constant vigilance and potential action.

Turkey as East-West Energy Hub

3. (SBU) Secretary Abraham praised Turkey's critical role for regional energy leadership and as a growing East-West Energy Hub. The Secretary stressed USG concerns about growing global demand, underscoring the need for increasing amounts and diversity of supply. Minister Guler noted that he had responsibility for water, mining, and other natural resources and sought increased cooperation in those areas. He applauded Secretary Abraham's desire to take a tour on the Bosphorus to see first-hand the need for a timely Bosphorus by-pass oil pipeline project.

Gas Potential) Iraq, but, not from Iran

4. (SBU) The Director of Turkish Petroleum Company (TPAO) Osman Saim Dinc described his company's strong interest in

resuming gas and oil exploration in Iraq, noting the concentration of people and resources the company maintains in nearby SE Turkey. He said they were working with Baghdad to resurrect some of these opportunities aimed at transit through Turkey to Europe. The Secretary said these were shared goals and big opportunities for Iraq. He called for greater collaboration between Turkey and Iraq on energy exploration and development. The Minister and TPAO Director also highlighted other gas opportunities in the region and Caspian. They described Turkey's planned LNG facility for Ceyhan. Noting rising U.S. and world demand for natural gas and LNG and desire for diversified sources and trade, Secretary Abraham expressed support for such a project in a

SIPDIS

stable, friendly country like Turkey. He hoped that Ceyhan to U.S. could be a gas transit route and partnership, but commented that any incremental gas for export would be beneficial in the world gas market. Ambassador Steve Mann also stated that such a LNG facility would facilitate drawing out other Central Asian/ Caspian gas, &as long as it is not Iranian⁸. Minister Guler expressed interest in working towards transiting Turkmen gas via Azerbaijan and Turkey, thus avoiding Iran and Russia and therefore more &safe⁸. Guler stated that Caspian gas was a priority, but noted the growing interest from Europe in Iranian gas. Ambassador Mann noted previous unsuccessful efforts to bring Turkmen gas, but expressed willingness to try again if Turkey could also play a persuasive role.

15. (SBU) The Turkish side expressed praise and thanks for the continued efforts of Ambassador Steve Mann in working on the challenge of getting hydrocarbons safely out of the region. Secretary Abraham recognized Ambassador Mann's active contributions and stated that his agency and the USG would remain excited to help by diplomatic and technical means.

Renewable Energy

16. (SBU) Minister Guler described Turkey's growing interest in renewable energy such as hydroelectric and solar. The Secretary and Minister compared notes on challenges of

SIPDIS

enacting new energy bills with incentives for these and other energy reform aspects. The Minister noted that Turkey could take advantage of opportunities to export electricity from renewable sources to European countries with renewable quotas. The Minister also expressed support for the USG hydrogen projects, noting that Turkey held 65 percent of the world's boron, an important carrier for hydrogen. He also stated that the GOT had established a hydrogen research center in Istanbul. Secretary Abraham agreed that there was a need for additional cooperation in these areas. (Note: DOE Renewable Energy and Hydrogen expert Robert Dixon will be visiting Turkey as the featured speaker in the OES Public Diplomacy Program October 11-15. End Note.)

Nuclear- non-proliferation and peaceful use

17. (SBU) Secretary Abraham briefly described the IAEA meetings in Vienna he had just attended, emphasizing the dire problems posed by Iran's illegal nuclear program. He noted the dramatic counter-example of Libya, with whom he had had a bilateral in Vienna, commending their decision to take timely steps to embrace acceptable behavior to rejoin the world community. The Secretary drew attention to his interest in working more closely on critical nuclear non-proliferation issues. He stressed the USG readiness to share expertise, equipment, and tools with our friends on these programs. In response, Minister Guler stressed his equal desire to work together on these programs. He acknowledged recent receipt of the proposed Statement of Intent and regretted that there had not been adequate time to get to the point of agreement and signing. The Secretary said he looked forward to eventually bringing that to fruition, but in the meantime he hoped to move forward on the actual cooperative activities. Noting a projected shortfall in energy supply, Minister Guler expressed the desire for assistance on gaining investment and technology for nuclear power generation capacity. The Secretary noted the expertise within his agency and U.S.

SIPDIS

companies and stated that we could work together in this area.

Other opportunities

18. (SBU) The Secretary acknowledged his willingness to support a US-Turkish energy conference, specifically mentioning that DOE had held a similar, very successful event with the Algerians in 2002, and he noted that the event

brought policy makers, energy experts, government officials, and business leaders from both sides together, thus enhancing cooperation and reducing barriers. (Note: The Secretary was specifically referring to the US-Algerian Ministerial LNG Summit that was co-hosted by the Secretary and Algerian Energy Minister Chakib Khelil.) The Secretary also noted that DOE was planning to send a team of technical experts to Turkey to discuss various energy related issues with their Turkish counterparts.

9. (SBU) Minister Guler briefly described on-going liberalization of Turkey's electricity sector, noting that transmission would remain with the state, but production, distribution, and trading entities would be privatized. He expressed desire for U.S. company participation in these opportunities. Secretary Abraham noted that the USG had played a role in bringing various partners together in assisting electricity and energy reform processes in countries like Italy, Algeria, and others. (In separate meetings with the Minister, he has been reminded about U.S. concern about some energy investment disputes involving U.S. companies, always with emphasis on the need to propose and implement solutions guided by contract sanctity and the need to maintain a welcoming and transparent investment environment.)

10. (SBU) In a separate meeting with Minister Guler, Ambassador Steve Mann stressed the importance of GOT and USG reinforcing each others, messages on stepping up support for the Aktau (Kazakhstan) link to BTC, keeping BTC construction on track in Georgia, working to access Turkmenistan natural gas, and remaining tough on Iran.

11. (SBU) Comment: Embassy expresses its appreciation to all parties which helped bring this successful visit to fruition, allowing a useful and timely meeting of our energy ministers in Turkey. It will be important to assure timely follow-up in all areas cited in the meeting. End Comment.

12. (SBU) This message was cleared by Secretary Abraham's staff.
EDELMAN